



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR

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State Auditor

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Director, Department of Audit

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Director, Division of College and University Audits

JONES COUNTY JUNIOR COLLEGE

Audited Financial Statements
For the Years Ended June 30, 1995 and June 30, 1996

JONES COUNTY JUNIOR COLLEGE

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JONES COUNTY JUNIOR COLLEGE

FINANCIAL AUDIT REPORT

JONES COUNTY JUNIOR COLLEGE

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State of Mississippi
OFFICE OF THE STATE AUDITOR
PHIL BRYANT
AUDITOR

INDEPENDENT AUDITOR'S REPORT

November 19, 1996

Dr. Terrell Tisdale, President
and Board of Trustees
Jones County Junior College
Ellisville, Mississippi

We have audited the accompanying balance sheet of Jones County Junior College as of June 30, 1996, the related statement of changes in fund balances and the statement of current fund revenues, expenditures and other changes for the years ended June 30, 1995 and June 30, 1996. These financial statements are the responsibility of Jones County Junior College's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of Jones County Junior College at June 30, 1996, and the results of its operations for the years ended June 30, 1995 and June 30, 1996, in conformity with generally accepted accounting principles.

Our audit was made primarily for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedules listed as supplemental information in the table of contents, including the Schedule of Federal Financial Assistance and the Schedule of Disbursements for Each Student Financial Assistance Program, are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of Jones County Junior College. Such information has been subjected to the auditing procedures applied in our audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

In accordance with Government Auditing Standards we have also issued a report dated November 19, 1996 on our consideration of Jones County Junior College internal control structure and a report dated November 19, 1996 on its compliance with laws and regulations.

A handwritten signature in cursive script, reading "Norman R. McLeod".

NORMAN R. MCLEOD, CPA
Director, Department of Audit

JONES COUNTY JUNIOR COLLEGE

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JONES COUNTY JUNIOR COLLEGE

AUDITED FINANCIAL STATEMENTS

JONES COUNTY JUNIOR COLLEGE
Balance Sheet
June 30, 1996

ASSETS	Current Year
Current Funds	
Current Unrestricted Funds:	
Cash and other deposits (Note 4)	\$ 7,016,807
Accounts receivable:	
Students, less allowance of	
\$109,533 (1996) and (1995)	91,299
Other	515,898
Inventories	424,780
Total Current Unrestricted Funds	<u>8,048,784</u>
Current Restricted Funds:	
Cash and other deposits (Note 4)	51,964
Other accounts receivable	518,076
Total Current Restricted Funds	<u>570,040</u>
Total Current Funds	\$ <u>8,618,824</u>
Loan Funds	
Cash and other deposits (Note 4)	\$ 12,310
Notes receivable:	
Federal student loans, less allowance of	
\$14,267 (1996) and (1995) (Note 6)	2,486
Institutional student loans (Note 6)	4,977
Total Loan Funds	\$ <u>19,773</u>
Endowment and Similar Funds	
Cash and other deposits (Note 4)	\$ 269,035
Investments (Note 5)	4,628
Other accounts receivable	15,453
Total Endowment & Similar Funds	\$ <u>289,116</u>

LIABILITIES AND FUND BALANCES	Current Year
Current Funds	
Current Unrestricted Funds:	
Accounts payable and accrued expenses	\$ 1,359,912
Deposits refundable	25,225
Deferred credits	250,447
Fund balances:	
Unallocated	
General	6,102,194
Auxiliary	311,006
Total Current Unrestricted Funds	<u>8,048,784</u>
Current Restricted Funds:	
Accounts payable and accrued expenses	43,336
Fund balance:	
Allocated	526,704
Total Current Restricted Funds	<u>570,040</u>
Total Current Funds	\$ <u>8,618,824</u>
Loan Funds	
Fund balances:	
Federal	\$ 5,236
Institution	14,537
Total Loan Funds	\$ <u>19,773</u>
Endowment and Similar Funds	
Fund balances:	
Endowment	\$ 289,116
Total Endowment & Similar Funds	\$ <u>289,116</u>

Plant Funds	
Cash and other deposits (Note 4)	\$ 3,271,444
Other accounts receivable	44,027
Land	209,347
Improvements other than buildings	555,268
Buildings	24,660,040
Furniture, machinery and equipment	4,993,223
Books and films	1,584,916
Assets under capital leases (Note 7)	40,690
Construction in progress (Note 8)	<u>1,572,228</u>

Total Plant Funds \$ 36,931,183

Agency Funds	
Cash and other deposits (Note 4)	\$ 84,509
Deferred compensation plan assets at fair market value (Note 11)	2,011,462
Due from depositors	<u>15,024</u>

Total Agency Funds \$ 2,110,995

Plant Funds	
Accounts payable	\$ 289,262
Obligations under capital leases (Note 7)	21,750
Fund balances:	
Unexpended	3,026,209
Net investment in plant	<u>33,593,962</u>

Total Plant Funds \$ 36,931,183

Agency Funds	
Due to depositors	\$ 2,110,995

Total Agency Funds \$ 2,110,995

See accompanying Summary of Significant Accounting Policies and Notes to Financial Statements.

JONES COUNTY JUNIOR COLLEGE
Statement of Changes in Fund Balances
For the Year Ended June 30, 1995

	Current Funds				Endowment and Similar Funds	Plant Funds	
	Unrestricted	Restricted	Total	Loan Funds		Unexpended	Investment in Plant
Revenues and Other Additions							
Tuition and fees	\$ 3,600,080		3,600,080				
State appropriations	10,642,799		10,642,799			228,794	
Local appropriations	1,388,233		1,388,233			1,096,684	
Federal grants and contracts	334,661	4,194,905	4,529,566				
State grants and contracts	1,532,648	208,023	1,740,671				
Private gifts, grants & contracts	13,960	49,002	62,962				
Investment income	185,531	3,329	188,860	322	14,030	120,879	
Interest on loans receivable				233			
Additions to plant facilities							2,282,681
Retirement of indebtedness							29,078
Sales and services of educational activities	128,763		128,763				
Sales and services of auxiliary activities	2,339,851		2,339,851				
Other	325,069		325,069	321		2,969	
Total Rev. & Other Additions	20,491,595	4,455,259	24,946,854	876	14,030	1,449,326	2,311,759
Expenditures & Other Deductions							
Educational and general:							
Instruction	9,848,917	1,165,212	11,014,129				
Academic support	818,956	11,377	830,333				
Student services	2,011,701	108,313	2,120,014				
Institutional support	1,760,395	10,004	1,770,399				
Operation & maint. of plant	1,469,460	459	1,469,919				
Student aid	610,869	3,576,177	4,187,046		9,101		
Total Educational and General	16,520,298	4,871,542	21,391,840		9,101		
Auxiliary	2,229,306	18,398	2,247,704				
Refunds to grantors				2,346			
Repairs and maintenance						107,257	
Expended for plant facilities						1,725,392	
Plant assets sold or retired							99,994
Other	3,710	15,625	19,335		2,188	3,993	
Total Expenditures and Other Deductions	18,753,314	4,905,565	23,658,879	2,346	11,289	1,836,642	99,994

Transfers - Additions (Deductions)							
Mandatory:							
Restricted fund matching	<u>(36,658)</u>	<u>36,658</u>					
Total Mandatory	<u>(36,658)</u>	<u>36,658</u>					
Other:							
Other	<u>(665,036)</u>	<u>379,309</u>	<u>(285,727)</u>			<u>285,727</u>	
Total Other	<u>(665,036)</u>	<u>379,309</u>	<u>(285,727)</u>			<u>285,727</u>	
Total Transfers	<u>(701,694)</u>	<u>415,967</u>	<u>(285,727)</u>			<u>285,727</u>	
Net Increase (Decr.) for Year	<u>1,036,587</u>	<u>(34,339)</u>	<u>1,002,248</u>	<u>(1,470)</u>	<u>2,741</u>	<u>(101,589)</u>	<u>2,211,765</u>
Fund Balance at Beg. of Year							
As Previously Reported	3,829,349	484,039	4,313,388	21,166	299,487	3,787,216	28,227,594
Adjustments (Note 3)	<u>198,486</u>		<u>198,486</u>				
Restated	<u>4,027,835</u>	<u>484,039</u>	<u>4,511,874</u>	<u>21,166</u>	<u>299,487</u>	<u>3,787,216</u>	<u>28,227,594</u>
Fund Balance at End of Year	\$ <u>5,064,422</u>	<u>449,700</u>	<u>5,514,122</u>	<u>19,696</u>	<u>302,228</u>	<u>3,685,627</u>	<u>30,439,359</u>

See accompanying Summary of Significant Accounting Policies and Notes to Financial Statements.

JONES COUNTY JUNIOR COLLEGE
Statement of Changes in Fund Balances
For the Year Ended June 30, 1996

	<u>Current Funds</u>					<u>Plant Funds</u>	
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>	<u>Loan Funds</u>	<u>Endowment and Similar Funds</u>	<u>Unexpended</u>	<u>Investment in Plant</u>
Revenues and Other Additions							
Tuition and fees	\$ 3,668,767		3,668,767				
State appropriations	11,936,315		11,936,315			845,440	
Local appropriations	1,349,100		1,349,100			987,506	
Federal grants and contracts	369,692	4,399,832	4,769,524				
State grants and contracts	1,703,955	374,320	2,078,275				
Private gifts, grants & contracts		35,717	35,717	200			
Investment income	274,551	4,836	279,387	302	17,496	124,872	
Interest on loans receivable				165			
Additions to plant facilities							3,183,788
Retirement of indebtedness							7,813
Sales and services of educational activities	124,042		124,042				
Sales and services of auxiliary activities	2,523,039		2,523,039				
Other	286,634	23,930	310,564			98,550	
Total Rev. & Other Additions	<u>22,236,095</u>	<u>4,838,635</u>	<u>27,074,730</u>	<u>667</u>	<u>17,496</u>	<u>2,056,368</u>	<u>3,191,601</u>
Expenditures & Other Deductions							
Educational and general:							
Instruction	10,859,380	1,079,173	11,938,553				
Academic support	1,153,575	14,028	1,167,603				
Student services	2,232,616	260,716	2,493,332				
Institutional support	1,817,150	11,043	1,828,193				
Operation & maint. of plant	1,577,346	1,949	1,579,295				
Student aid	625,170	3,823,200	4,448,370		30,608		
Total Educational and General	18,265,237	5,190,109	23,455,346		30,608		
Auxiliary	2,170,920	22,682	2,193,602				
Refunds to grantors				590			
Repairs and maintenance						83,258	
Expended for plant facilities						2,632,528	
Plant assets sold or retired							36,998
Total Expenditures and Other Deductions	<u>20,436,157</u>	<u>5,212,791</u>	<u>25,648,948</u>	<u>590</u>	<u>30,608</u>	<u>2,715,786</u>	<u>36,998</u>

Transfers - Additions (Deductions)

Mandatory:

Restricted fund matching	<u>(37,308)</u>	<u>37,308</u>
Total Mandatory	<u>(37,308)</u>	<u>37,308</u>

Other:

Other	<u>(413,852)</u>	<u>413,852</u>
Total Other	<u>(413,852)</u>	<u>413,852</u>

Total Transfers	<u>(451,160)</u>	<u>451,160</u>
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Net Increase (Decr.) for Year	<u>1,348,778</u>	<u>77,004</u>	<u>1,425,782</u>	<u>77</u>	<u>(13,112)</u>	<u>(659,418)</u>	<u>3,154,603</u>
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Fund Balance at Beg. of Year	<u>5,064,422</u>	<u>449,700</u>	<u>5,514,122</u>	<u>19,696</u>	<u>302,228</u>	<u>3,685,627</u>	<u>30,439,359</u>
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Fund Balance at End of Year	\$ <u><u>6,413,200</u></u>	<u><u>526,704</u></u>	<u><u>6,939,904</u></u>	<u><u>19,773</u></u>	<u><u>289,116</u></u>	<u><u>3,026,209</u></u>	<u><u>33,593,962</u></u>
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See accompanying Summary of Significant Accounting Policies and Notes to Financial Statements.

JONES COUNTY JUNIOR COLLEGE
Statement of Current Fund Revenues, Expenditures and Other Changes
For the Year Ended June 30, 1995
(With Comparative Figures for the Year Ended June 30, 1994)

	Current Year			Prior Year
	Unrestricted	Restricted	Total	Total
Revenues and Other Additions				
Tuition and fees	\$ 3,600,080		3,600,080	3,609,657
State appropriations	10,642,799		10,642,799	8,151,425
Local appropriations	1,388,233		1,388,233	1,198,544
Federal grants and contracts	334,661	4,194,905	4,529,566	4,891,577
State grants and contracts	1,532,648	606,046	2,138,694	1,132,474
Private gifts, grants and contracts	13,960	49,002	62,962	23,573
Investment income	185,531	3,329	188,860	132,980
Sales and services of educational activities	128,763		128,763	103,411
Sales and services of auxiliary activities	2,339,851		2,339,851	2,340,830
Other	325,069		325,069	328,118
Total Revenues and Other Additions	20,491,595	4,853,282	25,344,877	21,912,589
Expenditures & Mandatory Transfers				
Educational and general:				
Instruction	9,848,917	1,165,212	11,014,129	9,211,209
Academic support	818,956	11,377	830,333	789,691
Student services	2,011,701	108,313	2,120,014	1,901,758
Institutional support	1,760,395	10,004	1,770,399	1,527,416
Oper. & maintenance of plant	1,469,460	459	1,469,919	1,402,395
Student aid	610,869	3,576,177	4,187,046	4,363,617
Total Educational and General Expenditures	16,520,298	4,871,542	21,391,840	19,196,086
Mandatory transfers:				
Restricted fund matching	36,658	(36,658)		
Total Educational and General	16,556,956	4,834,884	21,391,840	19,196,086
Auxiliary enterprises:				
Expenditures	2,229,306	18,398	2,247,704	2,066,962
Total Auxiliary Enterprises	2,229,306	18,398	2,247,704	2,066,962
Total Expenditures and Mandatory Transfers	18,786,262	4,853,282	23,639,544	21,263,048
Other Transfers - Additions (Ded.)				
Excess restricted receipts over expenditures & mandatory transfers		(398,023)	(398,023)	(17,583)
Other	(668,746)	363,684	(305,062)	(21,980)
Total Other Transfers - Additions (Deductions)	(668,746)	(34,339)	(703,085)	(39,563)
Net Change in Fund Balance	\$ 1,036,587	(34,339)	1,002,248	609,978

See accompanying Summary of Significant Accounting Policies and Notes to Financial Statements.

JONES COUNTY JUNIOR COLLEGE
Statement of Current Fund Revenues, Expenditures and Other Changes
For the Year Ended June 30, 1996
(With Comparative Figures for the Year Ended June 30, 1995)

	Current Year			Prior Year
	Unrestricted	Restricted	Total	Total
Revenues and Other Additions				
Tuition and fees	\$ 3,668,767		3,668,767	3,600,080
State appropriations	11,936,315		11,936,315	10,642,799
Local appropriations	1,349,100		1,349,100	1,388,233
Federal grants and contracts	369,692	4,399,832	4,769,524	4,529,566
State grants and contracts	1,703,955	711,168	2,415,123	2,138,694
Private gifts, grants and contracts		35,717	35,717	62,962
Investment income	274,551	4,836	279,387	188,860
Sales and services of educational activities	124,042		124,042	128,763
Sales and services of auxiliary activities	2,523,039		2,523,039	2,339,851
Other	286,634	23,930	310,564	325,069
Total Revenues and Other Additions	22,236,095	5,175,483	27,411,578	25,344,877
Expenditures & Mandatory Transfers				
Educational and general:				
Instruction	10,859,380	1,079,173	11,938,553	11,014,129
Academic support	1,153,575	14,028	1,167,603	830,333
Student services	2,232,616	260,716	2,493,332	2,120,014
Institutional support	1,817,150	11,043	1,828,193	1,770,399
Oper. & maintenance of plant	1,577,346	1,949	1,579,295	1,469,919
Student aid	625,170	3,823,200	4,448,370	4,187,046
Total Educational and General Expenditures	18,265,237	5,190,109	23,455,346	21,391,840
Mandatory transfers:				
Restricted fund matching	37,308	(37,308)		
Total Educational and General	18,302,545	5,152,801	23,455,346	21,391,840
Auxiliary enterprises:				
Expenditures	2,170,920	22,682	2,193,602	2,247,704
Total Auxiliary Enterprises	2,170,920	22,682	2,193,602	2,247,704
Total Expenditures and Mandatory Transfers	20,473,465	5,175,483	25,648,948	23,639,544
Other Transfers - Additions (Ded.)				
Excess restricted receipts over expenditures & mandatory transfers		(336,848)	(336,848)	(398,023)
Other	(413,852)	413,852		(305,062)
Total Other Transfers - Additions (Deductions)	(413,852)	77,004	(336,848)	(703,085)
Net Change in Fund Balance	\$ 1,348,778	77,004	1,425,782	1,002,248

See accompanying Summary of Significant Accounting Policies and Notes to Financial Statements.

JONES COUNTY JUNIOR COLLEGE

Summary of Significant Accounting Policies For the Years Ended June 30, 1995 and June 30, 1996

The significant accounting policies followed by Jones County Junior College are described below to enhance the usefulness of the financial statements to the reader.

(1) Basis of Accounting.

Jones County Junior College uses the accounting system set out in the "Accounting Manual for Mississippi's Public Junior Colleges." This manual conforms in most respects with the principles set forth in the "Financial and Reporting Manual for Higher Education" issued by the National Association of College and University Business Officers (NACUBO), and the Industry Audit Guide, "Audits of Colleges and Universities" issued by the American Institute of Certified Public Accountants, while acknowledging the goals and activities of Mississippi's public community colleges.

The accompanying financial statements have been prepared generally on the accrual basis with the following exceptions, which are common practices in colleges and universities:

- A. Depreciation on physical plant and equipment has not been provided.
- B. To the extent that Current Funds are used to finance plant assets, the amounts so provided are accounted for as (a) expenditures, in the case of normal acquisition and/or replacement of moveable equipment and library books; (b) mandatory transfers, in the case of required provisions for debt amortization and interest, and equipment renewals and replacements; and (c) transfers of a nonmandatory nature for all other cases.
- C. Interest on student loans is recorded only when received.
- D. Interest expense on debt is recorded when paid.

Gifts, grants and pledges are generally recorded when received or when billable.

Investments are recorded at cost if purchased or if acquired by gift at fair market value at the time of donation.

Property, buildings and equipment are stated at cost at the date of acquisition or fair market value at date of donation. Improvements made as part of repair and renovation projects are capitalized based upon institution estimates which approximate cost. Public domain (infrastructure) fixed assets consisting of certain improvements other than buildings, such as roads, bridges, sidewalks, drainage systems, lighting systems and similar assets that are immovable and of value only to the institution, are capitalized.

Merchandise for resale inventories and consumable supply inventories are stated at cost, with cost being determined principally by the first-in, first-out method.

All revenues and related expenditures incurred in connection with summer sessions are reported within the fiscal year in which the summer sessions are predominantly conducted.

Service activities at the institution are those activities which provide general services benefiting many funds. Service activities include duplicating services. Such activities are maintained during the fiscal year as Auxiliary Funds for management purposes. These activities' expenditures are allocated to other funds based upon a user charge system. At fiscal year-end, any over or under allocation made during the year is closed to institutional support in the Current Unrestricted Fund.

JONES COUNTY JUNIOR COLLEGE

Summary of Significant Accounting Policies For the Years Ended June 30, 1995 and June 30, 1996

(2) Fund Accounting.

In order to insure observance of limitations and restrictions placed on the use of the resources available, the accounts of the institution are maintained in accordance with the principles of "fund accounting." This accounting is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

The Current Funds are used primarily to account for transactions which are expended in performing the primary and support objectives of the institution.

Current Funds consist of the following:

- A. The Unrestricted Fund which is used to account for:
 - 1. The appropriated budget as approved by the Mississippi State Legislature and the Board of Trustees of Jones County Junior College.
 - 2. The transactions of substantially self-supporting activities that primarily provide services for students, faculty and staff.
- B. The Restricted Fund which is used to account for Current Funds expended for operating purposes but restricted by donors or other outside agencies as to the specific purpose for which they may be expended.

Other funds consist of the following:

- A. The Loan Funds are used to account for loans to students. Resources to provide loans are derived primarily from the federal government. Provisions of the federal loan program stipulate that:
 - 1. The institution matches one-third of the federal contributions.
 - 2. A portion of the loan principal and interest (maximum of 30% per year) will be canceled and absorbed by the federal government, if the recipient completes certain employment requirements.
- B. Endowment Funds are subject to the restrictions of donor gift instruments and only the income is to be utilized.
- C. The Plant Funds which are used to account for the transactions relating to institution physical properties include:
 - 1. The Unexpended Plant Fund which is comprised of amounts which have been appropriated or designated for the purchase of institution physical properties or the repair and maintenance of such physical properties.

JONES COUNTY JUNIOR COLLEGE

Summary of Significant Accounting Policies
For the Years Ended June 30, 1995 and June 30, 1996

2. The Investment in Plant Fund which represents the total physical properties in service by the institution and all construction in progress as well as any associated liabilities.
- D. Agency Funds account for assets held by the institution as custodian or fiscal agent for others. Consequently, the transactions of this fund do not affect the statement of changes in fund balances.

JONES COUNTY JUNIOR COLLEGE

Notes to Financial Statements For the Years Ended June 30, 1995 and June 30, 1996

(1) Appropriations - General Operations.

Jones County Junior College receives funds from the state of Mississippi based on the number of full-time students actually enrolled and in attendance on the last day of the sixth week of the fall semester of the previous year, counting only those students who reside within the state of Mississippi.

In addition, the institution receives funds from taxes levied by the counties in the district for general support, maintenance and capital improvement.

(2) Accrued Leave.

Because the institution does not provide for the accumulation of sick leave or vacation beyond one fiscal year, no liability has been accrued in the financial statements.

(3) Prior Period Adjustments.

For the year ended June 30, 1995, the institution recorded prior period adjustments which consisted of the following additions and deductions to the various fund balances:

Explanation	Additions (Deductions)
Current Unrestricted Fund	
Unaccrued prior year revenue	\$ 198,486
Total	\$ 198,486

(4) Cash and Other Deposits.

For financial statement purposes cash and other deposits are represented by demand accounts and time deposits such as savings accounts, certificates of deposit and money market funds. Also included in this account are imprest cash accounts held by the institution. The carrying amount of the institution's cash and other deposits at June 30, 1996, was \$10,706,069 and the depository balance, including accrued interest of \$45,807, was \$12,380,495. The portion of such depository balances covered by federal depository insurance or by collateral held by the institution or its agent was \$519,722. The amount of \$11,059,959 was collateralized with securities held by a pledging financial institution's trust department or agent but not in the institution's name and \$800,814 was uninsured or uncollateralized.

(5) Investments.

The following table presents the carrying and market value of investments. All of the investments listed below are held by the institution.

	Carrying Amount	Market Value
Corporate bonds	\$ 2,000	2,000
Corporate equities	2,628	7,296
Total	\$ 4,628	9,296

JONES COUNTY JUNIOR COLLEGE

Notes to Financial Statements For the Years Ended June 30, 1995 and June 30, 1996

(6) Notes Receivable From Students.

Notes receivable from students are payable in installments over a period of up to ten years, commencing three to 12 months from the date of separation from the institution. The following is a schedule of interest rates and unpaid balances for the different types of notes receivable held by the institution at June 30, 1996:

	Interest Rates	Unpaid Balance 6-30-96
Perkins student loans	3% to 5%	\$ 5,365
Nursing student loans	3% to 6%	11,388
Institution loans	0%	<u>4,977</u>
Total Notes Receivable		21,730
Less: Allowance for Doubtful Accounts		<u>14,267</u>
Net Notes Receivable		\$ <u><u>7,463</u></u>

(7) Long-term Debt.

The institution has long-term obligations of the following:

Description and Purpose	Original Issue	Annual Interest Rate	Maturity Date	Amount Owed at 6-30-96
Capital Leases.				
Classes of property - number of leases in each class:				
Copier - 1	\$ 24,810	7%	6/98	\$ 10,973
Copier - 1	<u>15,880</u>	8%	8/99	<u>10,777</u>
Total Capital Leases	\$ <u><u>40,690</u></u>			\$ <u><u>21,750</u></u>

These leases cover a 60 month period. The institution has the option to prepay all outstanding payments less any unearned interest to fully satisfy the obligation.

There is also a fiscal funding addendum that states that if funds are not appropriated for periodic payment for any future fiscal period, the lessee will not be obligated to pay the remainder of the total payments due beyond the end of the current fiscal period.

The amount capitalized as leased property under capital leases is the amount of the original obligation.

JONES COUNTY JUNIOR COLLEGE

Notes to Financial Statements For the Years Ended June 30, 1995 and June 30, 1996

Annual requirements to amortize outstanding long-term debt are as follows:

Year Ending June 30	Total	Leases
1997	\$ 9,759	9,759
1998	9,759	9,759
1999	3,864	3,864
2000	<u>645</u>	<u>645</u>
Total	24,027	24,027
Less: Amounts Representing Interest	<u>2,277</u>	<u>2,277</u>
Total at Present Value	<u>\$ 21,750</u>	<u>21,750</u>

(8) Operating Leases.

Leased property under operating leases is composed of mats and three copiers. The following is a schedule by years of the future minimum rental payments required under those operating leases:

Year Ending June 30	Amount
1997	\$ 5,306
1998	<u>1,208</u>
Total Minimum Payments Required	<u>\$ 6,514</u>

The total rental expense for all operating leases, except those with terms of a month or less that were not renewed, for the fiscal year ending June 30, 1996, was \$5,712.

(9) Construction Commitments and Financing.

The institution has contracted for the construction of the following projects.

Project	Cost to Complete
State funds	
Vocational-technical building addition	\$ 1,124,132
Local funds	
Home economic addition	<u>955,679</u>
Total	<u>\$ 2,079,811</u>

JONES COUNTY JUNIOR COLLEGE

Notes to Financial Statements For the Years Ended June 30, 1995 and June 30, 1996

(10) Pension Plan.

Plan Description. Jones County Junior College contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplemental information. That information may be obtained by writing to the Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601)359-3589 or 1-800-444-PERS.

Funding Policy. PERS members are required to contribute 7.25% of their annual covered salary and Jones County Junior College is required to contribute at an actuarially determined rate. The current rate is 9.75% of annual covered payroll. The contribution requirement of PERS members are established and may be amended only by the State of Mississippi Legislature. Jones County Junior College's contributions to PERS for the years ended June 30, 1996, 1995 and 1994 were \$1,135,494, \$1,018,765 and \$903,414 respectively, equal to the required contributions for each year.

(11) Deferred Compensation Plan.

The institution, through the Mississippi Public Employees' Retirement System (PERS), offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the institution (without being restricted to the provisions of benefits under the plan), subject only to the claims of the institution's general creditors. Participants' rights under the plan are equal to those of general creditors of the institution in an amount equal to the fair market value of the deferred account for each participant.

The Mississippi Public Employees' Retirement System maintains the deferred compensation plan account in the name of the institution. The amount of assets held for participants employed by Jones County Junior College as of June 30, 1996, was \$2,011,462.

JONES COUNTY JUNIOR COLLEGE

Notes to Financial Statements For the Years Ended June 30, 1995 and June 30, 1996

(12) Foundation.

Jones County Junior College Foundation, Inc., is an independent corporation formed for the purpose of receiving funds for the sole benefit of the institution. Following is a summary of the foundation's financial position at June 30, 1996, which amounts are not included in the financial statements of the institution:

<u>Assets</u>	<u>Amount</u>
Cash and investments	\$ 87,346
Investments	989,200
Gifts in kind	27,666
Assets held by others	<u>10,877</u>
Total Assets	<u>\$ 1,115,089</u>
<u>Liabilities and Fund Balances</u>	
Fund balances:	
Current Funds:	
Unrestricted	\$ 148,200
Restricted	131,743
Endowment Funds	796,603
Plant Funds	<u>38,543</u>
Total Liabilities and Fund Balances	<u>\$ 1,115,089</u>

JONES COUNTY JUNIOR COLLEGE

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JONES COUNTY JUNIOR COLLEGE

SUPPLEMENTAL INFORMATION

JONES COUNTY JUNIOR COLLEGE
Schedule of Federal Financial Assistance
For the Year Ended June 30, 1995

	CFDA NUMBER		DIRECT FEDERAL	FEDERAL FLOW- THROUGH	TOTAL REVENUES	TOTAL EXPENDITURES
Major Programs						
Student Financial Aid:						
Department of Education	N/A	\$	3,621,615		3,621,615	3,666,158
Private lending institutions	N/A			7,717	7,717	2,116,693
Total Student Financial Aid			3,621,615	7,717	3,629,332	5,782,851
Other:						
United States Department of Education:						
Vocational Education - Basic Grants to States	84.048			304,368	304,368	304,368
United States Department of Education:						
Adult Education - State Administered Basic Grant Program	84.002			99,316	99,316	164,735
United States Department of Agriculture						
Rural Development Administration:						
Distance Learning and Medical Link Grants	10.855			163,232	163,232	163,232
United States Department of Labor:						
Job Training Partnership Act	17.250			151,630	151,630	163,007
Total Other				718,546	718,546	795,342
Total Major Programs			3,621,615	726,263	4,347,878	6,578,193
Other Federal Assistance						
Small Business Administration:						
Small Business Development Center	59.037			44,885	44,885	44,885
Total Small Business Administration				44,885	44,885	44,885
United States Department of Education:						
Vocational Education - Consumer and Homemaking	84.049			35,113	35,113	27,913
Tech-Prep Education	84.243			86,024	86,024	93,224
Total United States Department of Education				121,137	121,137	121,137

Department of Health and Human Services:				
Job Opportunities and Basic Skills Training	93.561	6,966	6,966	6,966
Child Development Associate Scholarships	93.614	8,700	8,700	15,727
Total Department of Health and Human Services		<u>15,666</u>	<u>15,666</u>	<u>22,693</u>
Total Other Federal Assistance		<u>181,688</u>	<u>181,688</u>	<u>188,715</u>
Total Federal Financial Assistance	\$	<u><u>3,621,615</u></u>	<u><u>907,951</u></u>	<u><u>4,529,566</u></u>
				<u><u>6,766,908</u></u>

See accompanying Notes to Schedule of Federal Financial Assistance.

JONES COUNTY JUNIOR COLLEGE
Schedule of Federal Financial Assistance
For the Year Ended June 30, 1996

	CFDA NUMBER		DIRECT FEDERAL	FEDERAL FLOW- THROUGH	TOTAL REVENUES	TOTAL EXPENDITURES
Major Programs						
Student Financial Aid:						
Department of Education						
College Work-study	84.033	\$	118,321		118,321	149,232
SEOG	84.007		162,416		162,416	151,267
PELL	84.063		3,358,237		3,358,237	3,358,237
SSIG	N/A			7,168	7,168	15,655
Private lending institutions	N/A					2,092,407
Total Student Financial Aid			<u>3,638,974</u>	<u>7,168</u>	<u>3,646,142</u>	<u>5,766,798</u>
Other:						
United States Department of Education:						
Vocational Education - Basic Grants to States	84.048			495,333	495,333	495,333
United States Department of Education:						
Adult Education - State Administered Basic Grant Program	84.002			198,453	198,453	274,584
United States Department of Education:						
Tech-Prep Education	84.243			78,168	78,168	258,491
United States Department of Labor:						
Job Training Partnership Act	17.250			<u>168,872</u>	<u>168,872</u>	<u>169,935</u>
Total Other				<u>940,826</u>	<u>940,826</u>	<u>1,198,343</u>
Total Major Programs			<u>3,638,974</u>	<u>947,994</u>	<u>4,586,968</u>	<u>6,965,141</u>
Other Federal Assistance						
United States Department of Agriculture						
Rural Development Administration:						
Distance Learning and Medical Link Grants	10.855			<u>119,496</u>	<u>119,496</u>	<u>134,310</u>
Total United States Department of Agriculture				<u>119,496</u>	<u>119,496</u>	<u>134,310</u>
Small Business Administration:						
Small Business Development Center	59.037			<u>44,199</u>	<u>44,199</u>	<u>82,940</u>
Total Small Business Administration				<u>44,199</u>	<u>44,199</u>	<u>82,940</u>

United States Department of Education:				
Vocational Education - Consumer and Homemaking Education:	84.049	939	939	5,334
School-to-work	84.xxx	2,249	2,249	2,251
Total United States Department of Education		<u>3,188</u>	<u>3,188</u>	<u>7,585</u>
Department of Health and Human Services:				
Child Development Associate Scholarships	93.614	<u>15,673</u>	<u>15,673</u>	<u>15,673</u>
Total Department of Health and Human Services		<u>15,673</u>	<u>15,673</u>	<u>15,673</u>
Total Other Federal Assistance		<u>182,556</u>	<u>182,556</u>	<u>240,508</u>
Total Federal Financial Assistance		<u>\$ 3,638,974</u>	<u>1,130,550</u>	<u>4,769,524</u>
				<u>7,205,649</u>

See accompanying Notes to Schedule of Federal Financial Assistance.

JONES COUNTY JUNIOR COLLEGE

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JONES COUNTY JUNIOR COLLEGE

Notes to Schedule of Federal Financial Assistance For the Years Ended June 30, 1995 and June 30, 1996

A. Basis of Presentation.

The accompanying Schedule of Federal Financial Assistance (the schedule) has been generally prepared in the format as set forth in Statement of Position 92-9. The purpose of the schedule is to present a summary of those activities represented by Jones County Junior College for the years ended June 30, 1995 and June 30, 1996, which have been financed by the U.S. Government (federal awards). For the purposes of the schedule, federal awards include all federal assistance and procurement relationships entered into directly between Jones County Junior College and the federal government and sub-awards from nonfederal organizations made under federally sponsored agreements. Because the schedule presents only a selected portion of the activities of Jones County Junior College, it is not intended to and does not present either the financial position or the changes in fund balances of Jones County Junior College.

In accordance with Office of Management and Budget (OMB) Circular A-133, federal awards are classified as follows:

Major Programs - Total federal program expenditures, exclusive of Stafford and Perkins Loans advanced, are the larger of three percent of total federal funds expended or \$100,000.

Research and Development
Student Financial Aid (SFA)
Other

Other Federal Assistance - Federal awards that do not meet the definition of major programs.

For purposes of this schedule, SFA expenditures include the total of loans advanced from the various loan programs. These loans are not reported as expenditures on the financial statements but as an increase in notes receivable.

The "Private Lending Institutions" category in the SFA section includes loans made directly to students from the Stafford Loan Program.

Individual awards within each category of federal awards are identified by CFDA number and program name if the award is individually significant to the category of award. All other awards are presented in total by funding agency.

B. Revenue and Expenditure Recognition.

Revenue is recognized when received or when earned by the institution.

Deductions (expenditures) for direct costs are recognized as incurred using the accrual method of accounting and the cost accounting principles contained in the U.S. Office of Management and Budget (OMB) Circular A-21, Cost Principles for Educational Institutions. Under those cost principles, certain types of expenditures are not allowable or are limited as to reimbursement. Moreover, expenditures include a portion of costs associated with general institution activities (indirect costs) which are allocated to federal awards under negotiated formulas commonly referred to as indirect cost rates. Indirect costs and related revenues applicable to these cost recoveries are classified as unrestricted revenues and expenditures of the general purpose financial statements.

JONES COUNTY JUNIOR COLLEGE

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JONES COUNTY JUNIOR COLLEGE

COMPLIANCE REPORT ON MAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAMS

JONES COUNTY JUNIOR COLLEGE

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State of Mississippi

OFFICE OF THE STATE AUDITOR

PHIL BRYANT
AUDITOR

COMPLIANCE REPORT ON MAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAMS

November 19, 1996

Dr. Terrell Tisdale, President
and Board of Trustees
Jones County Junior College
Ellisville, Mississippi

We have audited the balance sheet of Jones County Junior College as of June 30, 1996, the related statement of changes in fund balances, the statement of current fund revenues, expenditures and other changes and the schedule of federal financial assistance for the years ended June 30, 1995 and June 30, 1996, and have issued our report thereon dated November 19, 1996.

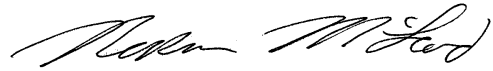
We have also audited Jones County Junior College's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort or earmarking; reporting; claims for advances and reimbursements; monitoring subrecipients; cost allocation; special requirements; and amounts claimed or used for matching that are applicable to each of its major federal financial assistance programs, which are identified in the accompanying schedule of federal financial assistance, for the years ended June 30, 1995 and June 30, 1996, and have issued our report thereon dated November 19, 1996. The management of Jones County Junior College is responsible for the institution's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States and OMB Circulars A-110 and A-133. Those standards and OMB Circulars A-110 and A-133 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the institution's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed instances of noncompliance with the requirements referred to above, which are described in the accompanying "Schedule of Findings and Recommendations." We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, Jones County Junior College complied, in all material respects, with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort or earmarking; reporting; claims for advances and reimbursements; monitoring subrecipients; cost allocation; special requirements; and amounts claimed or used for matching that are applicable to each of its major federal financial assistance programs for the years ended June 30, 1995 and June 30, 1996.

This report is intended for the use of Jones County Junior College, the cognizant audit agency and other agencies. This restriction is not intended to limit the distribution of this report which is a matter of public record.

A handwritten signature in black ink, appearing to read "Norman R. McLeod". The signature is fluid and cursive, with the first name "Norman" and last name "McLeod" clearly distinguishable.

NORMAN R. MCLEOD, CPA
Director, Department of Audit

JONES COUNTY JUNIOR COLLEGE

REPORT ON INTERNAL CONTROL

JONES COUNTY JUNIOR COLLEGE

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State of Mississippi

OFFICE OF THE STATE AUDITOR
PHIL BRYANT
AUDITOR

REPORT ON INTERNAL CONTROL

November 19, 1996

Dr. Terrell Tisdale, President
and Board of Trustees
Jones County Junior College
Ellisville, Mississippi

We have audited the balance sheet of Jones County Junior College as of June 30, 1996, the related statement of changes in fund balances, the statement of current fund revenues, expenditures and other changes and the schedule of federal financial assistance for the years ended June 30, 1995 and June 30, 1996, and have issued our report thereon dated November 19, 1996. We have also audited the institution's compliance with requirements applicable to major federal financial assistance programs and have issued our report thereon dated November 19, 1996.

We conducted our audit in accordance with generally accepted auditing standards Government Auditing Standards issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circulars A-110 and A-133. Those standards and OMB Circulars A-110 and A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and about whether the institution complied with laws and regulations, noncompliance with which would be material to a major federal financial assistance program.

In planning and performing our audit for the years ended June 30, 1995 and June 30, 1996, we considered the institution's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinions on the institution's financial statements and on its compliance with requirements applicable to major programs and to report on the internal control structure in accordance with OMB Circular A-133.

The management of Jones County Junior College is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of the financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures in the following categories:

Accounting Controls

- Revenue/cash receipts
- Purchasing/cash disbursements
- Payroll
- Property control
- Journal vouchers/interdepartmental transactions

Administration of Federal Financial Assistance Programs

General Requirements

- Political activity
- Civil rights
- Cash management
- Drug-free workplace
- Financial reporting
- Allowable costs/cost principles
- Administrative requirements

Specific Requirements

- Types of services
- Eligibility
- Matching, level of effort
- Reporting
- Cost allocation
- Special requirements, if any
- Monitoring subrecipients

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures, determined whether they have been placed in operation and we assessed control risk.

For the years ended June 30, 1995 and June 30, 1996, the institution expended 95% and 97%, respectively, of its total federal financial assistance under major federal financial assistance programs.

We performed tests of controls as required by OMB Circular A-133 to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to each of the institution's major federal financial assistance programs, which are identified in the accompanying schedule of federal financial assistance. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants.

Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements or that could adversely affect the organization's ability to administer federal award programs in accordance with applicable laws and regulations.

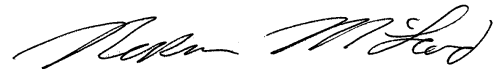
A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited or that noncompliance with laws

and regulations that would be material to a federal financial assistance program may occur and not be detected by employees in the normal course of performing their assigned functions.

We have identified these matters in the accompanying "Schedule of Findings and Recommendations."

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above.

This report is intended for the use of Jones County Junior College, the cognizant audit agency and other agencies. This restriction is not intended to limit the distribution of this report which is a matter of public record.

A handwritten signature in black ink, appearing to read "Norman R. McLeod", written in a cursive style.

NORMAN R. MCLEOD, CPA
Director, Department of Audit

JONES COUNTY JUNIOR COLLEGE

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JONES COUNTY JUNIOR COLLEGE

MANAGEMENT REPORT

JONES COUNTY JUNIOR COLLEGE

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State of Mississippi
OFFICE OF THE STATE AUDITOR
PHIL BRYANT
AUDITOR

MANAGEMENT REPORT

November 19, 1996

Dr. Terrell Tisdale, President
and Board of Trustees
Jones County Junior College
Ellisville, Mississippi

We have audited the balance sheet of Jones County Junior College as of June 30, 1996, the related statement of changes in fund balances, the statement of current fund revenues, expenditures and other changes and the schedule of federal financial assistance for the years ended June 30, 1995 and June 30, 1996, and have issued our report thereon dated November 19, 1996. We conducted our audit in accordance with generally accepted auditing standards; Government Auditing Standards issued by the Comptroller General of the United States; the provisions of OMB Circulars A-110 and A-133; the provisions of compliance features identified in the Department of Health and Human Services (DHHS) Guidelines for Audits of Federal Awards to Educational Institutions (guidelines); and the provisions of compliance features identified in the U.S. Department of Education Audit Guide for Student Financial Assistance Programs. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Laws and Regulations

Compliance with laws, regulations, contracts, grants and binding policies and procedures applicable to Jones County Junior College is the responsibility of the institution's management. As part of our audit, we performed tests of the institution's compliance with certain provisions of laws, regulations, contracts, grants and binding policies and procedures. However, it should be noted that we performed those tests of compliance as part of obtaining reasonable assurance about whether the financial statements are free of material misstatement; our objective was not to provide an opinion on compliance with such provisions.

The results of our tests indicate that for the items tested, Jones County Junior College had complied with those laws and regulations referred to above, noncompliance with which could have a material effect on the audited financial statements. For items not tested, nothing came to our attention that would lead us to believe Jones County Junior College had not complied with the laws and regulations, noncompliance with which could have a material effect on the audited financial statements.

Compliance with Requirements of the Federal Financial Assistance Programs

A. Compliance with Specific Requirements for Major Programs.

Summary of Transactions for Major Programs.

Fiscal Year Ended June 30, 1995

1. Student Financial Aid.	<u>Number of Items</u>	<u>Total</u>
Universe		\$ 5,782,851
Sample	31	92,917
2. Other Major Programs.		
A. Vocational Education - Basic Grants to States	<u>Number of Items</u>	<u>Total</u>
Universe		\$ 304,368
Sample	20	289,220
B. Adult Education - Basic Grants to States	<u>Number of Items</u>	<u>Total</u>
Universe		\$ 164,735
Sample	28	49,603
C. U.S. Department of Agriculture - Rural Health	<u>Number of Items</u>	<u>Total</u>
Universe		\$ 163,232
Sample	47	101,813
D. Job Training Partnership Act	<u>Number of Items</u>	<u>Total</u>
Universe		\$ 163,007
Sample	44	153,537

Fiscal Year Ended June 30, 1996

1. Student Financial Aid.	<u>Number of Items</u>	<u>Total</u>
Universe		\$ 5,766,798
Sample	32	99,624
2. Other Major Programs.		
A. Vocational Education - Basic Grants to States	<u>Number of Items</u>	<u>Total</u>
Universe		\$ 495,333
Sample	22	441,647
B. Adult Education - Basic Grants to States	<u>Number of Items</u>	<u>Total</u>
Universe		\$ 274,584
Sample	26	63,688

C. Technical Preparation Education	<u>Number of Items</u>	<u>Total</u>
Universe		\$ 258,491
Sample	44	63,726
D. Job Training Partnership Act	<u>Number of Items</u>	<u>Total</u>
Universe		\$ 168,872
Sample	45	158,572

For the items tested, we found instances of noncompliance with specific requirements of the major federal financial assistance programs which are described in the accompanying "Schedule of Findings and Recommendations."

B. Compliance with General Requirements.

We have applied procedures to test Jones County Junior College's compliance with the following requirements applicable to each of its federal financial assistance programs, which are identified in the schedule of federal financial assistance, for the years ended June 30, 1995 and June 30, 1996:

1. Political activity
2. Drug-free workplace
3. Civil rights
4. Cash management
5. Financial reporting
6. Allowable costs/cost principles
7. Administrative requirements

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's Compliance Supplement for Audits of Institutions of Higher Learning. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the institution's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed instances of noncompliance with the requirements listed in the preceding paragraph of this report and have identified these instances in the accompanying "Schedule of Findings and Recommendations." With respect to items not tested, nothing came to our attention that caused us to believe that Jones County Junior College had not complied with those requirements.

State Laws and Regulations

During the course of our audit, we noted one instance of noncompliance with state laws and regulations and have identified this instance in the accompanying "Schedule of Findings and Recommendations."

For items tested, other than the finding previously mentioned, the institution had complied with state laws and regulations. For items not tested, other than the finding previously mentioned, nothing came to our attention that would lead us to believe the institution had not complied with state laws and regulations.

Other Findings

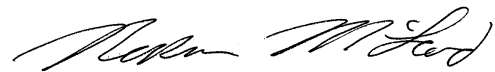
During the course of our audit, the following matter was detected which requires the attention of management. This matter, which does not have a material effect on the audited financial statements, includes deviations from generally accepted accounting principles and other matters involving the internal control structure and its operation.

This finding is listed in the accompanying "Schedule of Findings and Recommendations."

Follow-up on Prior Year Findings

Government Auditing Standards require the auditor to disclose the status of known but uncorrected significant or material findings from prior audits. Any findings noted in the previous audit that were not corrected are presented in the "Schedule of Findings and Recommendations."

This report is intended for the use of Jones County Junior College, the cognizant audit agency and other federal audit agencies. This restriction is not intended to limit the distribution of this report which is a matter of public record.



NORMAN R. MCLEOD, CPA
Director, Department of Audit

JONES COUNTY JUNIOR COLLEGE

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

JONES COUNTY JUNIOR COLLEGE

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JONES COUNTY JUNIOR COLLEGE

Schedule of Findings and Recommendations For the Years Ended June 30, 1995 and June 30, 1996

Internal Control

Material Weaknesses

1. Finding

The following were noted during our review of data processing controls:

- a. There was no written emergency disaster recovery plan.
- b. Changes by programmers to programs were not documented.

Recommendation

The institution should develop a written disaster recovery plan to safeguard the computer programs and data against loss. Also, program changes should be documented.

2. Finding

The following was noted during test of fixed assets:

- a. The institution did not have a subsidiary listing of land and improvements other than buildings.
- b. Equipment was received by the ordering department resulting in untimely tagging of equipment.
- c. The institution did not review noncapital outlay expenditures to insure proper capitalization.
- d. Equipment, vehicle, and bus inventories contained obsolete items that were no longer usable.
- e. Differences between the equipment listing and financial statements were shown as adjustments but were not reconciled to capital outlay additions.
- f. Additions and deletions per library records were not reconciled to the general ledger.

Recommendation

- a. The institution should develop subsidiaries for all fixed asset accounts.
- b./c. The purchases of the college should be monitored to insure that all equipment is recorded and tagged on a timely basis.
- d. The institution should develop a salvage committee to insure equipment which is unusable is disposed of correctly and removed from the inventory. Also, any equipment stolen should be reported to the police for follow-up.
- e. Any differences between the general ledger and equipment listing should be reconciled. Any change in location should be supported by proper documentation.

- f. Additions and deletions per library records should be reconciled to accounting records to safeguard assets.

3. Finding

The following were noted during tests of expenditures and accounts payable for June 30, 1995 and June 30, 1996:

- a. In 19 instances, goods were received by the requisitioner.
- b. No approval was obtained on the requisition in 11 instances.
- c. In three instances, no requisition was prepared.
- d. The required purchase order was not prepared in three cases.
- e. In four cases, disbursements were paid from copies of invoices.
- f. Invoices were not canceled when paid to prevent reuse.

Recommendation

- a. Goods should be received by someone other than the requisitioner.
- b./c./d. All disbursements should be reviewed to insure that the required requisition, purchase order, and invoice are prepared and approved.
- e. The institution should pay only from original invoices.
- f. All invoices should be canceled to prevent reuse.

4. Finding

During our review of federal grant reports, the following was noted for the years ended June 30, 1995, and June 30, 1996:

State Administered Basic Grant - CFDA #84.002

Reimbursement reports were not reconciled to the general ledger. The reports were compiled from the purchase order forms and not the actual invoice.

Job Training Partnership Act - CFDA #17.250

Closeout reports were not reconciled to the general ledger.

Distance Learning and Medical Link Grant - CFDA #10.855

Request for funding reports were in excess of the amount of expenditures charged to the general ledger for the year ended June 30, 1995.

Tech-Prep Education - CFDA #84.243

Reimbursement reports for the year ended June 30, 1996 were not reconciled to the general ledger.

Recommendation

The institution should review all federal grant reports to insure agreement with the general ledger.

Reportable Conditions

Finding

Not all employees hired or terminated were required to go to the personnel department.

Recommendation

All employees should be required to be processed by the personnel department upon being hired or on termination of employment.

Specific Compliance with Major Federal Financial Assistance Programs

1. Finding

The institution does not have written procedures or centralized documentation of monitoring the various aspects of the Distance Learning and Medical Link Grant CFDA #10.855 as required in the Mississippi Rural Health Corps Rules and Regulations.

Recommendation

The institution should insure that the monitoring of various requirements of the grant is documented in a centralized location.

2. Finding

Our review of the Distance Learning and Medical Link Grant CFDA #10.855 revealed that the institution did not make the award for Master's degree scholarship/loans jointly payable to the student and the attended college or university. The checks were made payable to the student only.

Recommendation

The institution should insure that the awards for Master's degree scholarship/loans are made payable jointly to the student and the attended college or university.

3. Finding

During 1995 the institution purchased a desk jet printer and was reimbursed by the Adult Education - State Administered Basic Grant CFDA #84.002. There was no equipment included in the grant's budget and prior written approval was not obtained as directed by 34 CFR paragraph 74.176(b)(3).

Recommendation

The institution should insure that prior written approval is obtained before purchasing equipment with grant funds.

Questioned Cost: \$439

4. Finding

Our review of Title IV funds for 1995 revealed that a PELL grant was used to cover school charges for a student who never attended school.

Recommendation

The institution should insure that PELL Grant funds are not used to pay charges for students who do not attend classes.

Questioned Cost: \$142

General Requirements

1. Finding

In several instances the institution was in violation of the Cash Management Improvement Act (Public Law 101-453) on the Distance Learning and Medical Link Grant (CFDA #10.855). This act requires the institution to minimize the time elapsing between the receipt of funds from the U.S. Treasury, and the disbursement of those funds for program purposes.

Recommendation

The institution should ensure that funds are requested in accordance with the Cash Management Improvement Act.

2. Finding

Our review of the Distance Learning and Medical Link Grant CFDA #10.855 revealed that for 1995, \$1,000 was on the Request for Funding reports for six students for both semesters. The funding amounted to \$2,000 for each of the six students; however, they were only awarded and paid \$1,000 for the year. This resulted in the institution receiving \$6,000 that was not paid to the students. Also, the March 21, 1996 Request for Funding, which was for the fall semester 1995, contained funding for seven students in the amount of \$3,500 for which there were neither signed Rural Health Scholarship contract/notes nor awards made. Also, the first Request for Funding for 1995 was \$4,143 over the amount awarded and paid to students listed on the request. These funds have since been awarded.

Recommendation

The institution should insure that the amount on the Request for Funding is not greater than the amount awarded and paid to students.

3. Finding

Our review of the Distance Learning and Medical Link Grant CFDA #10.855 revealed that revenue was recorded in the Current Unrestricted General Fund and the expenditures were recorded in the Current Restricted Fund.

Recommendation

Revenue and expenditure accounts should be established in the Current Restricted Fund to account for all Distance Learning and Medical Link Grant activity and for better records to make requests for funding more accurate.

4. Finding

Our review of the Adult Education - State Administered Basic Grant CFDA #84.002 for the years ended June 30, 1995 and June 30, 1996 revealed that there was no time and effort report filed for one employee that was paid with federal funds.

Recommendation

The institution should insure that a time and effort reporting system is in place for those employees whose salaries and wages are required to be so documented.

State Laws and Regulations

Finding

The following were noted during tests of expenditures and accounts payable for compliance with state laws:

- a. In seven cases it appeared that disbursements were not made within 45 days from the later of receipt of goods or receipt of invoice.
- b. Invoices were not dated when received in five instances.

Recommendation

The institution should review all disbursements to insure that the date invoices are received is documented and that the disbursement is made within 45 days.

Other Finding

Finding

Refundable room deposits were not reconciled to the general ledger.

Recommendation

Room deposits should be reconciled to the general ledger on a periodic basis.

JONES COUNTY JUNIOR COLLEGE

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JONES COUNTY JUNIOR COLLEGE
DATA SHEET
For the Year Ended June 30, 1996

Lead Auditor: Brent Ballard, CPA

Telephone Number: (601)364-2720

Contact Person at Institution: James Trigg

Address of Contact: Ellisville, Mississippi

Telephone Number of Contact: (601)477-4010

The field audit work was performed between July, 1996 and November, 1996 at the institution's facilities as follows:

Location	Description of Facility	Dates Visited
Hutcheson-Hubbard Building	Administrative Offices	7-29-96 to 11-19-96

Institution's Accrediting Organization: Southern Association of Colleges and Schools

The institution does not utilize a student financial aid (SFA) servicer.

Records for the accounting and administration of the SFA programs are located at: Hutcheson-Hubbard Building

JONES COUNTY JUNIOR COLLEGE

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